

DEPARTMENT OF PUBLIC HEALTH FY 2022-23 AND FY 2023-24 BUDGET

January 18, 2022

Agenda

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- I. Overview of DPH's Budget
 - ▣ Review of Base Budget for Divisions
 - ▣ Projected Salary Spending in Current Year
- II. Five-Year Financial Projection and Mayor's Budget Instructions
- III. Department Goals and Areas of Focus for FY 2022-23 and FY 2023-2024

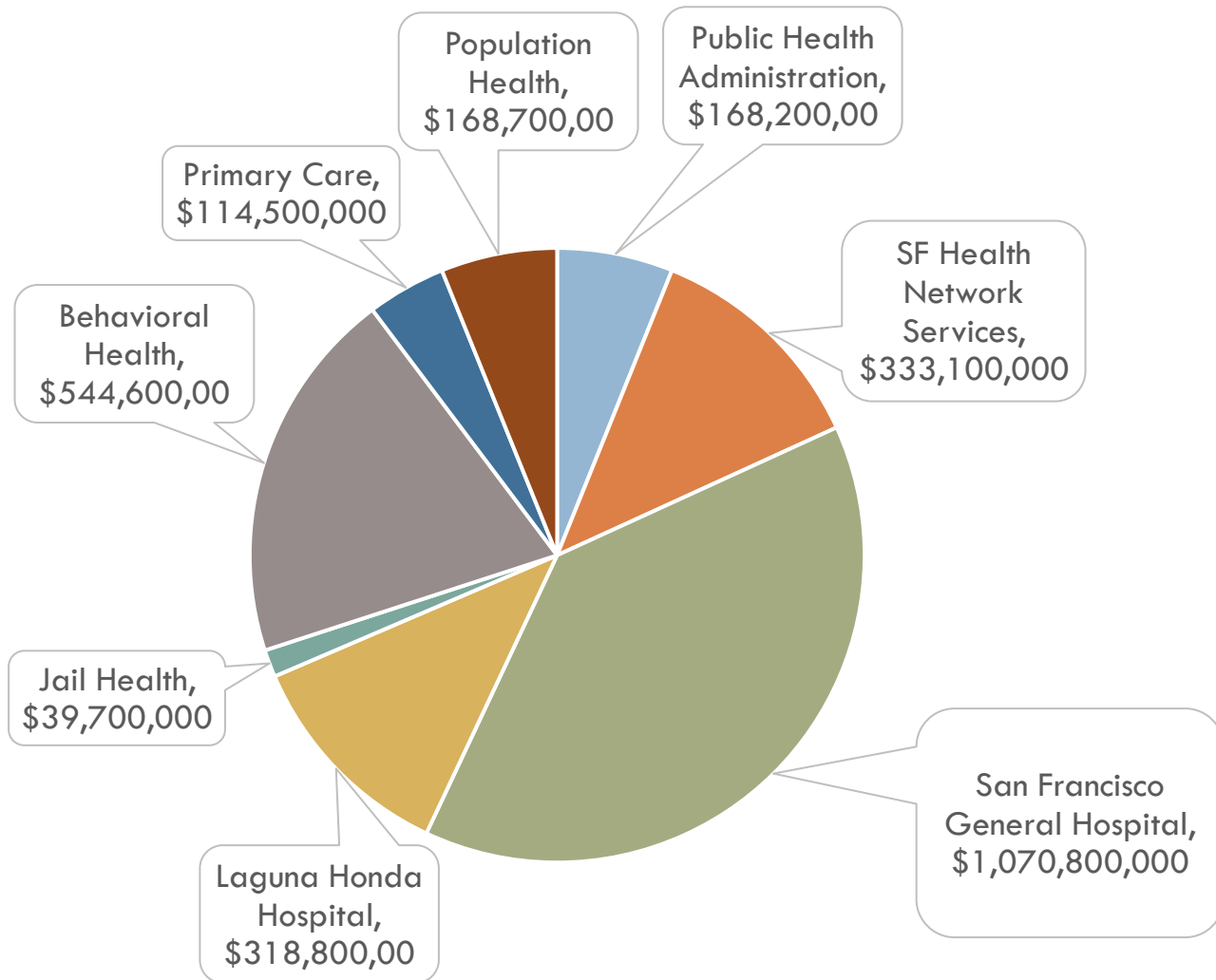
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DPH Budget Overview

DPH Approved FY 22-23 Budget

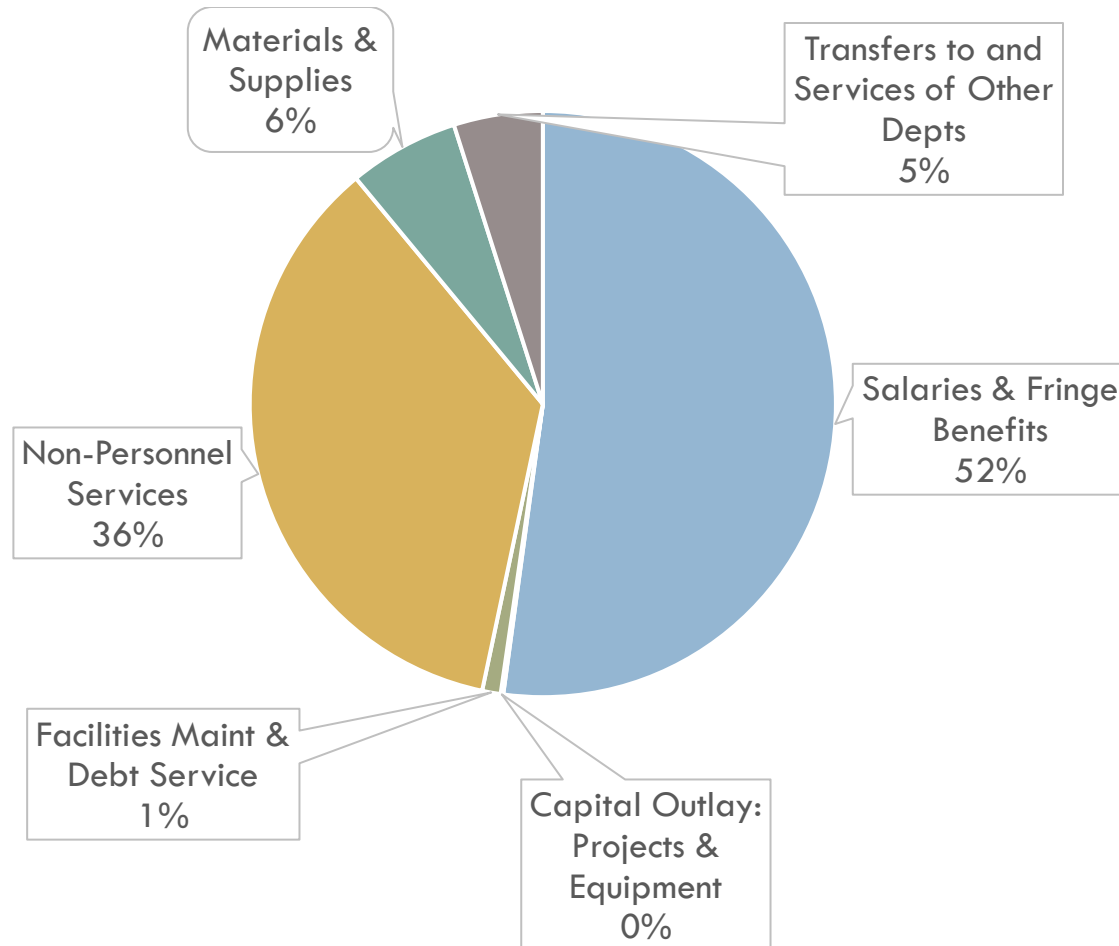
\$2.8 Billion

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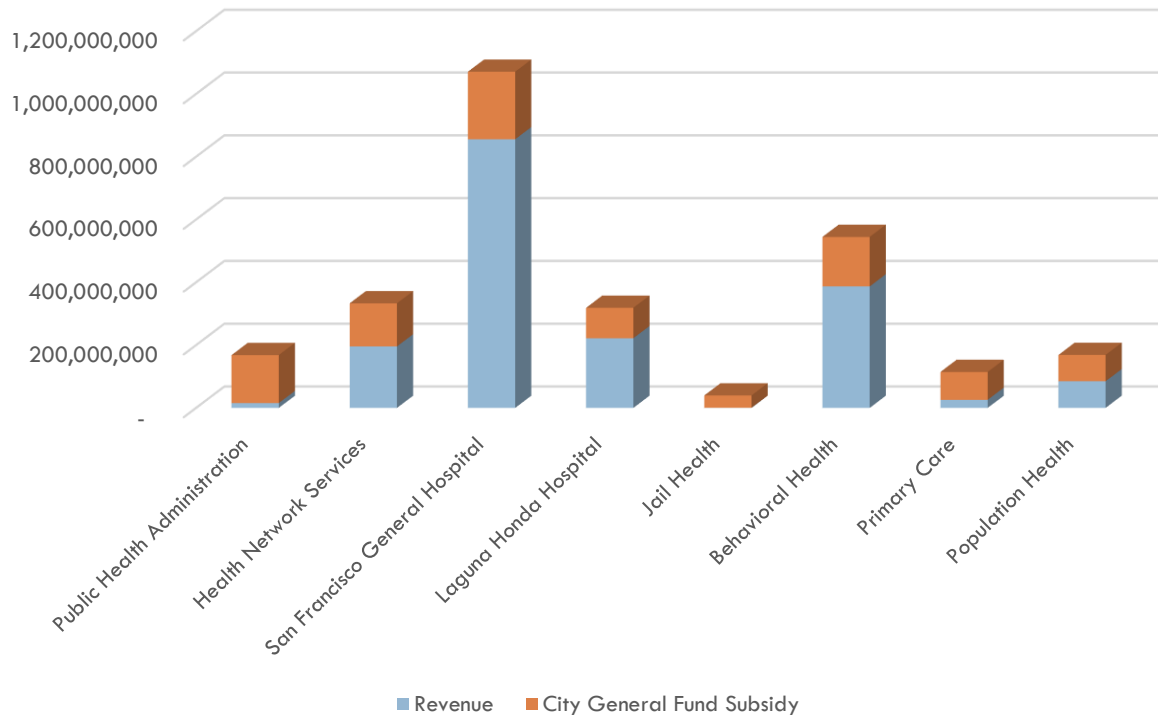
Budgeted Expenses by Type

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DPH Leverages Revenue to Offset General Fund

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- DPH continues to offset 65% of its costs with revenue, requiring a general fund subsidy of only 35%
- FY 22-23 budget includes \$971 million of General Fund

Current Year Salary Spending Projections

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- Administrative Code Section 3.3 requires departments to include personnel cost projections at public hearings on proposed budgets.
- DPH's operating budget of \$1.4 billion for salary and fringe is currently projected to be fully expended this year with increased hiring in the second half of this year
- DPH's quarterly financial reports to the Health Commission will continue to update these projections
- Work continues to aggressively hire permanent staff to replace temp and per diem staff and fill vacancies to support hospital operations, COVID-19 response, and Behavioral Health expansion

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Five-Year Financial Projections & the Mayor's Budget Instructions

Summary of Five Year Forecast and Mayor's Instructions

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- ❑ Improved financial forecast resulting in projected surplus in budget year
- ❑ Risks and uncertainties could dramatically alter this forecast
- ❑ No cuts, but no new costs, rather reprioritize to better deliver core services
- ❑ Budget will prioritize vibrancy, recovery, accountability, and equity

Joint Report – Financial Forecast

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	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
<i>SOURCES Increase / (Decrease)</i>	40.1	323.4	522.5	710.9
Uses				
Baselines & Reserves	(112.9)	(202.7)	(271.2)	(318.9)
Salaries & Benefits	(57.8)	(81.7)	(140.6)	(266.3)
Citywide Operating Budget Costs	132.9	58.4	(75.2)	(161.0)
Departmental Costs	24.0	(15.5)	(74.1)	(113.6)
<i>USES Decrease / (Increase)</i>	(13.9)	(241.5)	(561.1)	(859.8)
Projected Cumulative Projected Surplus/(Shortfall)	26.2	81.9	(38.6)	(148.9)
Two-year Surplus/(Shortfall)	108.1			

Joint Report – Risks & Uncertainties

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- COVID-19 variants and public health response
- Pace of recovery and continued impact on local economy
- Market volatility impacting pension returns
- State and local ballot measures
- Ongoing risk to excess ERAF at state level

Mayoral Policy Priorities

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- **Restoring vibrancy** in San Francisco, including improved public safety and street conditions
- **Recovery** of the local economy driven by the return of residents, tourists, and office workers to downtown and public spaces; small business; and, housing production
- **Reprioritization** of funding to improve core service delivery
- **Accountability & equity** in programming, services, and spending

Budget Instructions to Departments

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- No mandatory reductions, but do not increase General Fund support
- Get “back to basics”, utilize existing budget and fill funded vacancies to improve core service delivery
- Focus on programs that produce meaningful, equitable results
- Non-General Fund departments balance within their own revenue projections

DPH Goals and Areas of Focus for FY 2022-2024

Department Priorities for FY 22-24

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1.

- Transition of COVID Task Force Functions Into Operating Divisions

2.

- Continuing investment in and re-envisioning Behavioral Health Services and Support for People Experiencing Homelessness

3.

- Strengthening core operating functions to support service delivery and improving Workforce and Health Equity

4.

- Implementing new program and benefits under Advancing Innovations in Medi-Cal (CalAIM)

1. Transitioning COVID Task Force Into Operating Divisions

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- Expected continuation of all current functions in the long term
- Planning for functions to potentially be managed under regular operations
 - CDRU - COVID Disease Response Unit
 - Contact Tracing
 - Case Investigation
 - Outbreak Management
 - Vax
 - Community Outreach
 - Testing
 - Information & Guidance
 - Isolation & Quarantine
 - Epidemiology and Data
 - Logistics

1. Transition of COVID Task Force Into Operating Divisions

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- Planning will continue into the Spring
- Detailed spending plan will not be included as part of the February submission, but brought in the spring
- No long-term funding identified
- FEMA reimbursement currently set to expire in April

2. Behavioral Health Services and Services for People Experiencing Homelessness

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DPH will focus on Implementing Prior Year Investments in Mental Health SF

Additional Bed Capacity	<ul style="list-style-type: none">• \$11.4 M - operating costs for up to 196 new beds• \$122.2 M - for one-time acquisition
Increasing Services in the Street and Shelter	<ul style="list-style-type: none">• \$12 M – Seven Street Crisis Response Team• \$2.5 M – Behavioral Health Expansion in Street Medicine and Shelter Health
Targeted MH Services	<ul style="list-style-type: none">• \$1.25 M – Transitional Aged Youth services• \$1 M – Transgender services
MH Service Center Expansion	<ul style="list-style-type: none">• \$6 M - Expansion of hours at Behavioral Health Access Center
Overdose Prevention	<ul style="list-style-type: none">• \$5.4 M - Street Overdose Response Team• \$5.4 M - Contingency Management and Medication Assisted Treatment• \$2.8 M - Harm Reduction and expand overdose education and naloxone provision
Permanent Supportive Housing Services	<ul style="list-style-type: none">• \$7.7 M - expand DPH Behavioral Health Services at Permanent Supportive Housing sites

2. Behavioral Health Services and Services for People Experiencing Homelessness

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- Continued Implementation of Mental Health SF Programs funded in Prior Year Budget
- Additional initiatives developed as programming is implemented, gaps in service may be identified
- Expected increases in Mental Health Services Act funding, primarily one-time
- First set of CalAIM Programs have BH focus

3. Core Operating Functions to Support Service Delivery

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- Prior year budgets focused on increasing service levels but there has not been a corresponding investment in operations
- Central Operations is critical to ensuring timely and successful implementation of programs
- Additional investment is needed to right size the operating functions in areas of:
 - Business Office and Contracts Development
 - Human Resources
 - Office of Health Equity
 - Compliance and Privacy Affairs
 - Data and Information Systems
 - Facilities

4. Implementing CalAIM

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- ❑ Multi-Year Framework for broad-based delivery system, program, and payment reform across the Medi-Cal program.
- ❑ Scheduled to take place through January 2027
- ❑ Program details including eligibility and funding guidelines and funding allocations are still being developed
- ❑ In the next eighteen months, three new benefits and two new incentive programs will be rolled out to counties

4. Implementing CalAIM

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New Benefits Programs

Enhanced Care Management – January 2022

- Comprehensive care management that addresses the clinical and non-clinical needs of high-cost, high-need managed care members
- First clients have transitioned from Whole Person Care, additional clients over the coming months

Community Supports (Formerly In-Lieu of Services) – July 2022 and Beyond

- Medically appropriate and cost-effective alternatives to services covered under the State Plan
- Health Plans can choose to add new benefits every six months
- DPH is working with SFHP on a potential benefit for Medical Respite and Sober Center Services
- HSH is exploring housing navigation benefit

Justice-Involved Pre and Post Release Services – Planned for January 2023

- Allows for Medi-Cal reimbursement for services in the 90-day time period prior to release, and to encourage a facilitated referral and linkage to health services

4. Implementing CalAIM

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Time-Limited Multi-Year Infrastructure and Incentive Programs

Providing Access and Transforming Health (PATH) Initiative – Spring 2022 and Beyond

1. Provide infrastructure and readiness support for the CalAIM initiatives (through 2027)
2. Transition Whole Person Care Services – Spring 2022
3. Support for justice involved services - Summer 2022

Behavioral Health Quality Improvement Program (BH QIP) – January 2022 – June 2024

- Incentives for system changes and process improvements to county-operated mental health and substance use disorder systems
- Goal is to help counties prepare for opportunities made available CalAIM and support reporting, billing and data collection and exchanges.

Next Meeting

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- Present balancing plan
- Request for Health Commission approval of proposed budget for submission to Controller and Mayor's Office
- Development of COVID-19 Response will be developed in conjunction with key stakeholders this spring